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# THE FARM INDEX

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## NEW FACES IN THE CITY



# Economic Trends



ITEM	UNIT OR BASE PERIOD	'57 - '59 AVERAGE	1963		1964		
			YEAR	AUGUST	JUNE	JULY	AUGUST
<b>Prices:</b>							
Prices received by farmers	1910-14=100	242	242	242	232	234	232
Crops	1910-14=100	223	237	232	241	234	226
Livestock and products	1910-14=100	258	245	250	224	234	237
Prices paid, interest, taxes and wage rates	1910-14=100	293	312	312	313	312	313
Family living items	1910-14=100	286	298	298	300	300	300
Production items	1910-14=100	262	273	273	269	269	269
Parity ratio		83	78	78	74	75	74
Wholesale prices, all commodities	1957-59=100	—	100.3	100.4	100.0	100.4	100.3
Commodities other than farm and food	1957-59=100	—	100.7	100.8	100.9	101.1	101.1
Farm products	1957-59=100	—	95.7	96.3	93.2	94.1	93.6
Food, processed	1957-59=100	—	101.1	100.9	100.2	101.2	101.0
Consumer price index, all items <sup>1</sup>	1957-59=100	—	106.7	107.1	108.0	108.3	—
Food	1957-59=100	—	105.1	106.0	106.2	107.2	—
<b>Farm Food Market Basket:<sup>2</sup></b>							
Retail cost	Dollars	1,037	1,078	1,090	1,081	1,099	—
Farm value	Dollars	410	394	396	398	406	—
Farm-retail spread	Dollars	627	684	694	683	693	—
Farmers' share of retail cost	Per cent	40	37	36	37	37	—
<b>Farm Income:</b>							
Volume of farm marketings	1957-59=100	—	115	113	101	110	116
Cash receipts from farm marketings	Million dollars	32,247	36,925	2,969	2,495	2,683	2,931
Crops	Million dollars	13,766	17,045	1,296	970	1,121	1,309
Livestock and products	Million dollars	18,481	19,880	1,673	1,525	1,562	1,622
Realized gross income	Billion dollars	—	41.7	—	42.0	—	—
Farm production expenses	Billion dollars	—	29.2	—	29.7	—	—
Realized net income	Billion dollars	—	12.5	—	12.3	—	—
<b>Agricultural Trade:</b>							
Agricultural exports	Million dollars	4,105	5,585	409	459	479	—
Agricultural imports	Million dollars	3,977	4,011	347	314	317	—
<b>Land Values:</b>							
Average value per acre	1957-59=100	—	—	127 <sup>6</sup>	—	141	—
Total value of farm real estate	Billion dollars	—	—	148.1 <sup>6</sup>	—	154.9	—
<b>Gross National Product <sup>3</sup></b>							
Consumption <sup>3</sup>	Billion dollars	456.7	583.9	577.4	618.5	—	—
Investment <sup>3</sup>	Billion dollars	297.3	375.0	372.0	396.0	—	—
Government expenditures <sup>3</sup>	Billion dollars	65.1	82.0	80.2	87.0	—	—
Net exports <sup>3</sup>	Billion dollars	92.4	122.6	120.9	129.5	—	—
<b>Income and Spending:<sup>4</sup></b>							
Personal income, annual rate	Billion dollars	365.2	464.1	466.1	489.3	491.4	493.9
Total retail sales	Million dollars	17,105	20,536	20,666	21,773	21,964	22,115
Retail sales of food group	Million dollars	4,159	4,929	4,996	5,202	5,234	—
<b>Employment and Wages:<sup>4</sup></b>							
Total civilian employment	Millions	64.9	68.8	68.9	70.4	70.6	70.5
Agricultural	Millions	6.0	4.9	4.9	4.8	4.9	4.8
Rate of unemployment	Per cent	5.5	5.7	5.5	5.3	4.9	5.1
Workweek in manufacturing	Hours	39.8	40.4	40.3	40.6	40.5	40.7
Hourly earnings in manufacturing, unadjusted	Dollars	2.12	2.46	2.43	2.53	2.53	2.52
Industrial Production <sup>4</sup>	1957-59=100	—	124	125	132	133	134
<b>Manufacturers' Sales and Inventories:<sup>4,5</sup></b>							
Total shipments, monthly rate	Million dollars	28,736	34,774	34,736	36,791	37,867	—
Total inventories, book value end of month	Million dollars	51,158	58,807	58,917	60,398	60,443	—
Total new orders, monthly rate	Million dollars	28,374	35,036	34,930	37,782	39,393	—

<sup>1</sup> Beginning Jan. 1964, new ser. <sup>2</sup> Av. ann. quantities of farm food products based on purchases per wage-earner or clerical-worker family in 1952—estimated monthly. <sup>3</sup> Ann. rates seasonally adj. 2nd qtr. <sup>4</sup> Seasonally adj. <sup>5</sup> Rev. Ser. <sup>6</sup> As of July 1.

Sources: U.S. Department of Agriculture (Farm Income Situation, Mar-

keting and Transportation Situation, Agricultural Prices, Foreign Agricultural Trade and Farm Real Estate Market Developments); U.S. Department of Commerce (Industry Survey, Business News Reports, Advance Retail Sales Report and Survey of Current Business); and U.S. Department of Labor (The Labor Force and Wholesale Price Index).

People will usually show interest when you talk about cows or wheat or cotton. But, attention wanes fast when feedgrains are mentioned. The term usually has little meaning.

It should mean a lot. More land is used for feedgrains than for wheat, cotton and soybeans combined. The four crops included as feedgrains—corn, grain sorghum, oats and barley—even-  
tually go into the meat, milk and eggs we eat. And—creating a problem—more feedgrains have been produced than used in most years of the past decade.

Government programs have cut down the amount of land used for growing feedgrains. But, their effects have been modified by gains in yield per acre—more than 5 per cent annually in 1954-63. This year might be an exception.

During the past 10 years, acreage dropped enough to trim output of feedgrains below annual use only in 1961 and 1962—and probably this year.

Combined domestic and export use has been climbing fairly steadily. And, there is a built-in growth factor. Rising incomes here and abroad whet meat demand which encourages livestock feeding, thus boosting feedgrain consumption. Although domestic use the past two years has slackened a little, exports have been at a near-record level.

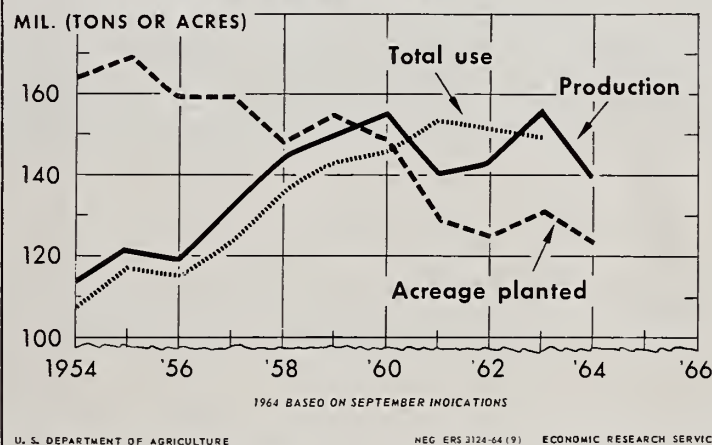
The Soil Bank program in the late 1950s and the Feedgrain program in 1961-64 cut feedgrain acreage during the past decade. The 124 million acres planted this year was the smallest amount of land used for feedgrains in more than 60 years. It was about 45 million acres below the postwar high in 1955, too.

Since 1955, feedgrain acreage has declined every year except 1963 when the trend was

interrupted. Acreage then was up only slightly from the previous year. But, 1963 yields broke all records, pushing output to a new high. Yields were up 61 per cent from 1955, while acreage was off 23 per cent.

Production from 1952 to 1960 exceeded use despite the Corn Acreage Allotment program during most of the 1950s and the Soil Bank in the last half of the decade. The steady buildup in stocks during this period resulted in a carryover of 85 million tons of feedgrains at the beginning of the 1961-62 marketing year. This amounts equals more than half an average year's production.

**Feed Grain Acreage Slips,  
Output Trails Recent Use**



The net stock reduction during the past three years has been about 15 million tons. Carryover into the 1964-65 marketing year is about 70 million tons.

A further decline in stocks is expected in the current marketing year. Acreage for harvest this year is down: For corn, off about 4 per cent from last year; for oats, about 5 per cent; for barley, about 7 per cent; and for grain sorghums, about 12 per cent. Yields also

# the agricultural outlook

are down some for all the grains except barley, according to September 1 indications. This would be the first drop in yield for feedgrains as a group since 1954.

With reduced acreage and lower yields, production was estimated September 1 at 139 million tons—down 11 per cent from last year and 5 per cent below average. A crop this size could fall below total use during the 1964-65 marketing year. Feedgrain utilization during 1963-64 totaled 149 million tons.

#### Season for Negotiations:

The fall bargaining session between two segments of the beef cattle industry is in full swing. Negotiations are underway between ranchers with calves to sell and feeders who want calves for fattening.

Consider some of the primary strong and weak points of the negotiators this fall.

First, the man with calves to sell. Part of his bargaining strength is that he doesn't have to sell at the moment. He can hold his animals through the winter—if he has enough forage—and sell later. He may also have the option of feeding out his own calves.

The calf producer has another thing going for him this fall. Potential buyers generally have plenty of feedlot space to fill. And, feeders' chances for profit seem greater than last year. Prices for Choice feeder steer calves in September were running about \$23 per 100 pounds at Kansas City, down about \$5 from a year earlier. But, prices of Choice slaughter steers were running about \$26 at Chicago, up about \$2 from September last year.

However, the calf producer's weaknesses seem more pronounced this fall than a year ago—as the reduced feeder calf prices suggest. There was a record number of cattle available for feeding at the start of 1964 and a very large calf crop last spring. Also, drought in the southwest this year has made the option of holding calves doubtful.

The probability of slightly higher feedgrain prices this year, along with the reduced crop, could dampen feeders' demands for calves.

The best thing going for the feeder this fall is the more favorable price margin between feeders and fed cattle compared with a year

ago. He stands a chance of getting a price premium for putting weight on his cattle.

The feeder also has a large supply of cattle from which to choose. And, the demand for high quality finished beef is strong this year. There is less price competition from pork and lamb than last year, incomes are up and USDA is buying more beef for school lunches and the needy.

The feeder's major problem—as in every year—is the uncertainty of future fed cattle prices. His estimate, when buying feeders, of the price they will bring when ready for slaughter, often determines success or failure.

This uncertainty of future prices is one reason why attention is being paid to the buildup in cattle numbers since 1958.

For many years, cattle numbers have gone up and down cyclically, hitting peaks about every 10 years. Then, cattle prices slumped as numbers on farms were reduced by heavy slaughter and meat production increased sharply. And, 1965 could mark the peak year for cattle numbers in the current cycle.

Does this indicate future price trouble? Perhaps. However, several qualifications about the current cattle cycle and related developments should be made.

First, the buildup in numbers hasn't been as steep as in previous cycles. The trend is toward a more gradual and steadier climb.

Second, this slower buildup is occurring while per capita beef demand and population continue rising. Therefore, the liquidation phase of this cycle could actually mean more of a leveling in numbers than a sharp reduction—especially if no major drought occurs—until gains in consumption and prices again encourage cattle numbers to rise.

Finally, cattle number cycles may no longer be very reliable indicators of price changes in fed cattle markets. The remarkable gains in the proportion of beef produced in feedlots in recent years have been contrary to the normal cycle pattern. Numbers of animals placed on feed and the amount of weight added have frequently been more meaningful than cattle number cycles in considering short-run price changes.

# CONTRACT LOANS FOR LAND

## FARMERS WITH REAL ESTATE DEBT IN 1960

Major source of debt	Average acres owned	Year farmer started operating farm	Average years on farm	Average age of farmer
Federal land banks	390	1944	17	51
Farmers Home Administration	185	1948	13	43
Insurance companies	505	1947	14	50
Commercial and savings banks	217	1947	14	48
Other institutions	204	1948	13	46
Mortgages from sellers	281	1951	10	44
Land contracts from sellers	417	1952	9	43
Other individuals	174	1946	15	48
U.S. average	306	1947	14	48

"Neither a borrower nor a lender be; for loan oft loses both itself and friend, and borrowing dulls the edge of husbandry."

So goes the Shakespearean advice learned by most school boys and tossed out the window by an increasing number of today's farmers.

In the mid-1940s, right after the war, less than half of all farm real estate purchases were credit financed. Today, more than 80 per cent of the farmland is bought on credit.

The size of the original debt has been getting bigger, too, having climbed from 56 per cent of the average purchase price to well over 70 per cent. Along with this general trend to credit goes the growing use of land contracts, or buying farmland on the installment plan.

In 1946, about 10 per cent of all farm real estate sales were financed with land contracts. By last year the proportion had grown to nearly 30 per cent.

Land contracts, like mortgages and the other more conventional real estate loans, are simply another way to buy some land over time. The main difference—and the big attraction of the land contract—is the generally lower downpayment.

For the buyer, it means that much less of his capital is tied up in the land, more is left over to buy the increasingly costly machinery and supplies needed to run a farm.

For the seller, the appeal of the small initial downpayment is written into the current tax laws. If the seller gets 30 per cent or less of the total sale value during the year of the sale, the tax on the gain can be spread over the life of the contract. And, under certain circumstances the tax may be considerably reduced.

Also, if the buyer defaults, the original owner can usually get his property back with a minimum of effort and expense.

As usual, there is a negative

side. For one thing, if the seller needs funds in a hurry he may find it harder to liquidate his interest in a land contract than in a mortgage.

And the buyer runs a slightly greater risk of having his land repossessed in a hurry should he have trouble meeting the payments.

There is also some feeling that a land contract carries a higher price tag.

About half the persons who were queried in a recent survey said the price per acre would be at least 10 per cent higher on a land contract, compared with conventional mortgage financing.

In regions where the land contract is most common, as many as 60 per cent of the respondents thought prices were higher on a land contract.

From 18 to 29 per cent of those surveyed thought land contracts spelled higher interest rates, too.

Who is most apt to use a land contract? The younger farmer.

According to 1960 Census Bureau figures, the average age of the farmer with a land contract is 43—five years younger than the national average for farmers with real estate debt from other sources. Only the operators who borrowed from the Farmers Home Administration were as young.

The land contract is also a sign that the farmer is in the early stages of his career as an owner. The man with the land contract has been operating his own farm an average of nine years. The length of operation ranged up to 17 years for borrowers from other sources.

Despite the relative youth of the farmers and their fairly recent status as owners, the man with the land contract is apt to be running a bigger-than-average farm. The average for the group in 1960 was 417 acres, 111 acres more than the average for all farmers with major land debt.

The fact is explained in part by the geography of the land contract.

Financing through a land contract is in high favor in the Corn Belt, Lake states and Northern Plains where farms are larger, and in the Pacific and Mountain states where ranches, of necessity, carry high price tags. (1)

## Price for Farmland Outstrips Return So Farmer Figures on Capital Gain

Whether he likes it or not, today's farmer is learning to live with credit. It's a matter of survival in the face of the higher costs of land along with the other production inputs.

Farmland prices have risen more than 50 per cent in the past decade, while net farm income per acre is up only 4 per cent. Outstanding farm real estate debt has nearly doubled.

The widening gap between land prices and farm income also means that many a purchase of farmland is based less on what the farm earns today than on what the acreage will bring tomorrow when the land is put back on the market.

The relationship between the price of farm real estate and the net income to farming is currently running to about a 9.5 to 1 ratio. This means that the market price of farm real estate for 1961-63 was 9.5 times net income per acre and equal to a gross capitalization rate of 10.5 per cent.

The capitalization rate is estimated at about half that figure—5.4 per cent—when only the net returns to land are related to present market prices for land.

Buyers in some areas are accepting even lower annual returns, looking for their gain over the long run. In the Northeast and in Florida, for example, the price/income ratio for many an acre being sold works out to an annual return of only 1 or 2 per cent.

The attraction for the buyers, presumably is an anticipated annual increase of 4 or 5 per cent in market values. Their expectations are based on the insatiable appetite of nearby cities for farmland.

Other regional differences in capitalization ratios result from the characteristics of farm enterprises and the region.

The price/income ratios for 1961-63 are lowest in the Southeast as a whole, about equal to the national average in the central states and highest in the western third of the country.

A good part of the difference is due to the nature of the predominant type of farming. Where cotton, tobacco or dairying are leading enterprises, the direct contribution of land is reduced. With large amounts of labor, fertilizer and purchased feed used on the farm, the direct contribution of land is less than it would be for such extensive types of farming as wheat or range livestock. (2)

**FINANCIAL FACTS ON FARMERS WITH REAL ESTATE DEBT IN 1960**

Major source of debt	Average total debt	Average major real estate debt	Total debt as per cent of farmer's share of cash income <sup>1</sup>	Total debt as per cent of value of land and buildings	Major real estate debt as per cent of value of land and buildings
Federal land banks	\$11,641	\$ 8,169	104	28	20
Farmers Home Administration	13,364	10,454	156	52	41
Insurance companies	24,936	18,148	135	39	28
Commercial and savings banks	9,003	6,992	85	31	24
Other institutions	10,672	8,045	130	40	30
Mortgages from sellers	14,780	10,901	131	40	29
Land contracts from sellers	21,702	16,905	180	58	45
Other individuals	10,527	8,001	108	38	29
U.S. average	13,517	10,081	119	37	27

<sup>1</sup> Value of products sold minus cash rent paid.

## Despite Larger Flocks and Rate of Lay Egg Producers Get Less Farm Income

Prices that producers get for eggs usually stay above their production costs. But often the race gets close—uncomfortably so—as many a New Jersey egg producer will tell you it did in 1963.

The typical producer had a couple of things going for him. His flock, larger than in 1962, produced 1,974 dozen more eggs than the year before. Layers increased their rate of lay to 195 eggs each. And egg prices remained fairly stable, having declined only 0.7 cents a dozen from the previous year.

But the producer also had several things against him. Competition from Southern egg producers who had improved the quality of their eggs caused New Jersey egg producers to lose the premium they had been getting in northeastern markets.

Then, too, feed prices in New Jersey went up in 1963. Producers paid \$73.80 a ton for laying mash, some \$2 a ton more than the year before. They paid \$2.60 a ton more for chick starter, \$2 a ton more for grower mix.

And prices were low for cull layers—when there was a market for them at all. Some producers had to give them away.

Understandably enough, not much construction was done by New Jersey producers last year except for occasional remodeling. Not much repair work was done either.

Some producers tried renting facilities from others to cut costs. Producers' annual rental costs averaged between 20 and 25 cents a layer. They found rental costs one-third less than the cost of building depreciation, real estate tax and insurance costs.

Because of the close race between costs and prices, sons, daughters and wives of New Jersey egg producers took off-farm jobs. Few producers had off-farm

jobs because they needed all their time for the poultry operation.

In 1963, the typical New Jersey egg producer made a net farm income of \$2,008, some \$425 less than the year before. His supplemental income was about \$1,722 for a total of \$3,730.

Prices are still above costs in New Jersey. But after 1963, egg producers are keeping an even more vigilant eye on the ever-narrowing distance between the two. A change in the rate of lay, a slight rise in feed prices or a slight decline in egg prices can make the difference between profit and loss. (3)

## Though Top State in Fertilizer Use, Indiana Could Well Apply Even More

Although Indiana ranks first among all states in total tons of plant nutrients used, Hoosier farmers have plenty of leeway for expanding their use of fertilizer. Many of the farmers still do not apply as much fertilizer as is recommended; others are skipping cropland.

If yields for crops produced in Indiana are set at easily attainable levels, the specialists figure that farmers across the state are now using 95 per cent of the recommended nitrogen, 85 per cent of the phosphate and 71 per cent of the potash.

Yield goals were set at 80 bushels per acre for corn, 35 bushels for soybeans, 40 bushels for wheat, 60 bushels for oats, 110 bushels for sorghums, 3.5 tons for hay and 1,900 pounds for tobacco.

However, many Indiana farmers are already averaging 80 bushels or more per acre for corn.

Setting the corn yield goal at 100 bushels revealed that less than two-thirds of recommended levels for nitrogen and potash and about three-fourths of the phosphate level were used on Indiana farms during 1962. (4)

## Meadow Crops from Midwestern Area Feed Cattle on East and West Coasts

Only about 15 per cent of national hay production ever gets into commercial channels in a normal year. But when drought hits, the farmer has to shop.

A new bulletin put out by the Economic Research Service locates the surplus and deficit hay areas for the nation—by county, state and region.

The North Central states are the big producers. These 12 states usually grow more than half our total hay crop. Two-thirds of the hay produced in the area is alfalfa or alfalfa-grass mixtures. Add clover and clover-grass mixtures and you account for 95 per cent of the crop.

Two-thirds of the counties in the region are self-sufficient when it comes to hay production and about a quarter of them normally have enough hay to ship out.

The greatest deficit areas for hay production are the South Atlantic and South Central states—especially the west South Central states.

About one-half of the South Atlantic production is in legumes or grass hays. The east South Central region relies heavily on legumes. In Texas more than half the hay crop is perennial grass. In the other west South Central states, legumes and their grass mixtures are half of production.

The North Central states are the ones that frequently supply hay when a drought takes over other parts of the country.

In the Pacific region, the hay crop is mostly alfalfa and its mixtures—about three-fourths of the entire production. The rest is clover-grass mixtures, small grains hay and wild hay, in that order of importance.

Over half the counties in the Pacific states import hay and about a fifth are self-sufficient. A fourth of the counties do ship some out. (5)

## Study of Costs and Returns in Texas Includes Cotton, Sorghums, Vegetables

Picking the most profitable combination of crop enterprises for a farm operation is a lot like drawing straws—you never know what you've selected until after the fact.

For this reason, researchers try to guide farmers in making their decisions by calculating the probable costs and returns from different enterprises on the basis of recent prices and alternative production practices.

The most recent of these studies examined the enterprise alternatives for farmers in the lower Rio Grande Valley in Texas. The research was conducted by specialists at Texas A & M University in cooperation with ERS staff members. The study was of the loam soil areas of Hidalgo, Willacy and Cameron Counties.

Farmers in the three-county area grow cotton, grain sorghum and vegetables. Most of the latter are sold for fresh market use. Crop prices used in the calculations were 1963 support levels for cotton and sorghums and an average of prices in recent years for vegetables. After figuring the gross receipts from each crop, the operating expenses were subtracted to obtain returns per acre. However, overhead costs, such as interest on real estate, insurance, depreciation and taxes, were not included.

For cotton, the highest returns—\$160 per acre—were for a crop receiving four applications of irrigation water, one prior to planting and three following. This figure compared with \$154 for cotton with three water applications, \$123 with two applications, \$84 with one application, \$51 for dryland cotton in Cameron and Willacy Counties and \$18 for dryland cotton in Hidalgo County.

The maximum return from

grain sorghum was \$40 per acre with two water applications. Dryland sorghum returned \$37 in Cameron and Willacy Counties and sorghum irrigated once made \$31 per acre. Dryland grain sorghum in Hidalgo County yielded \$27 after the variable costs were subtracted.

In the vegetable line, lettuce led the returns with \$523 per acre. Onions made \$378; tomatoes, \$201; green peppers, \$141; cabbage, \$94; sweet corn, \$52; carrots, \$49, and beets, \$34. However, vegetable prices fluctuate frequently and depend largely on the market supply. Consequently, the current prices would vary a good deal from the averages used in the calculations. (6)

## Fewer Hogs on Feed During 1964-65 Cut Grain-consuming Stock Numbers

The number of grain-consuming livestock to be fed during the 1964-65 feeding year is expected to be around 169 million animal units, down slightly from 170 million fed during 1963-64.

Much of the prospective reduction in grain-consuming stock will be in hogs. Farmers cut their 1964 spring pig crop by 8 per cent from a year earlier and reported plans to farrow 7 per cent less pigs this fall. As a result, fewer hogs will be fed during the rest of 1964 and early 1965 and production for the entire 1964-65 feeding year may be about 5 per cent under 1963-64.

Cattle feeding is likely to remain at a high level in 1964-65. The number on feed during the year just ended was near record.

The number of milk cows on farms is expected to decline a little further in 1964-65. However, another gain in the quantity of feed fed per cow also is likely, offsetting the drop in numbers.

An additional small rise in broiler output seems probable in 1964-65 despite below average broiler-feed price ratios. (7)

## With Use of Improved Farm Practices Row Crops Are Profitable in Rice Area

Rice farmers in southwest Louisiana are turning more and more to soybeans, sweet potatoes, corn and cotton as secondary crops. A question raised along with the crops is whether they're worth growing; whether costs aren't outstripping income.

To help farmers decide, economists from Louisiana State University and the Economic Research Service studied 108 farms in the area during 1961.

In most of the parishes the economists found a fine-textured clay soil unsuited to many crops other than rice, the predominant crop. But around the area's northeast fringe, they found the more coarse-textured soil suitable for secondary crops.

The amount of labor in the area—and whether it was seasonal or available year-round—was also a consideration.

Rice needs little hand labor over the entire year. But secondary, or row crops, need a lot of labor and the need is heavily seasonal. Since secondary crops are fairly new to the area, a seasonal labor force has not yet been developed. And neither the number of workers on rice farms year-round nor those available off-farm seasonally are great enough for expansion.

Another consideration is the special equipment needed to grow row crops, which means more capital and more maintenance.

Despite the drawbacks, the margin of income over costs on most secondary crops can be encouragingly wide at current prices and when improved cultivation practices are used. Whether secondary crops become more important depends on how fast farmers adopt improved practices, capital and labor available and on the price of rice in relation to prices for corn, soybeans, cotton and sweetpotatoes. (8)

## DAIRY DECISION—GO MODERN

*Cost cutting high on list of reasons for modernizing by group of Midwest dairymen.*

Most U.S. dairymen, caught in the ever-narrowing cost-price squeeze, would like to know what other dairymen are doing. *Modernizing* is the reply they would get from a small group of midwestern dairymen.

Six years ago nothing much distinguished these 50 dairymen. Like many others, they had already expanded to as many cows as their barns would hold. They milked in stall barns and used bucket milkers.

But then, for various reasons, they decided to modernize. Gradually 27 changed to loose housing, 16 added pipeline milking equipment to their barns and seven built or remodeled stall and milking parlor barns.

Most of the dairymen first got help planning their changes from other farmers, equipment dealers, or extension personnel.

The costs for new investments varied with the use of old barns and with the kind and capacity of the new facilities. The most expensive change per cow was building a new barn and milking parlor. The least expensive was remodeling a stall barn and adding pipeline milking equipment or a milking parlor.

The costs also varied with the size of the dairymen's herds. The average cost per cow for pipeline milking was lowest for dairymen with fewer than 72 cows. Above this number, the cost for loose

housing was lowest.

Actual average costs per farm of improvement and expansion were: \$31,676 for stall barns and parlor, \$24,239 for pipeline milking, \$25,737 for loose housing.

But returns varied and depended on many factors. The average net return per farm was: \$10,640 for stall barns and parlor, \$15,250 for pipeline milking and \$10,191 for loose housing.

The dairymen got an important benefit in labor efficiency from the larger herds and automated feeding.

Labor requirements were lowest for dairymen with pipeline milking equipment when they had at least 58 cows. Dairymen with milking parlors had the lowest labor requirements when they had more than 58 cows. The dairymen and their families still provided an average of three-quarters of the labor needed in their expanded operations. And 17 hired full-time labor.

Most dairymen were satisfied with their choice. But many would have altered some details and made the changes faster—possibly by using more credit.

The results of the changes varied as much as the status of the buildings, system of farming and herd sizes the 50 Wisconsin dairymen had initially. And regardless of their choice of modernization and what they had begun with, all 50 dairymen

stood out when placed next to other Wisconsin dairymen.

The average dairyman studied had doubled his herd to 64 cows (twice the Wisconsin average), got 75 per cent of his income from dairying, had a 326-acre farm with 237 acres in crops and had a farm worth \$112,000. The Wisconsin average was 161 total acres on a farm worth \$35,000.

The average dairyman also sold to a Grade A market from a bulk tank. His gross income was over \$30,000. His total costs (including 5 per cent on invested capital) were \$23,910. His return to labor was \$6,040.

Asking why the 50 dairymen had decided to modernize brought various answers. Farmers with loafing barns gave flexibility as the reason for changing. Loafing barns made further expansion easier and cheaper and permitted dairymen to shift to raising beef cattle if they wanted to.

A few dairymen installed labor-saving pipeline milking equipment because they were in poor health. Some modernized to give a son a job. But most dairymen wanted to cut chores, use excess crops, replace or remodel worn-out buildings, or get relief from the cost-price squeeze.

One dairyman answered the question simply by saying proudly: "We've always had one of the biggest herds and most modern farms in the area. . . ." (9)



## Keeping Agriculture Up-to-date Means Continuing a Broad Research Program

Running out of problems? Here are a few to consider—and possibly study—for the future development of farming.

How much capital will be needed for the economic size farm of tomorrow? And what, for that matter, will the economic size be in Iowa, compared with central Michigan, in North Carolina versus northern Illinois?

How much and what kind of credit will it take to turn an undernourished farm business into a flourishing enterprise of tomorrow?

Also research on prices and price projections would give the world of agriculture some added knowledge of the future for farm incomes.

Management ability is the great unknown in farming, and is, at the same time, one of the most important single factors determining success. The question: What makes a good manager? How much is his special ability worth in extra credit from lenders? As farms get bigger, the question will become all the more important. (10)

## Use of Combines for Shelling Corn More and More Popular on U.S. Farms

Combines, long the odds-on favorite for harvesting small grains, are gaining ground in the corn fields, too.

The report for a few crops is:

*Corn.* From a negligible 3 per cent of the harvest in 1956, picker shellers accounted for 15 per cent of the harvest in 1960.

During this period, the importance of corn harvested by hand declined from 19 per cent to 10 per cent; for corn harvested by mechanical picker, from 78 to 75 per cent.

About one-third of the field shelled corn was custom har-

### Fatal Figures

What causes most fatal accidents on farms?

The death toll due to farm accidents averaged 2,352 a year for the 3-year period, 1960-62.

Tractors and other machinery were the grimest reapers, accounting for 37 per cent of all deaths. Drownings were next with 16 per cent. Other major causes were firearms, falls, falling objects, animals, burns, electricity and poisonings.

Deaths due to machinery accidents in 1962 were highest in Iowa, Illinois and Texas.

The most drownings occurred in North Carolina, Georgia and Texas.

The greatest number of accidental deaths caused by firearms were in Georgia, Illinois . . . and Texas. (11)

ested. Most of the custom work was on small farms.

*Wheat.* Some 98 per cent of the wheat was harvested by combine in 1960; it was 94 per cent 10 years earlier.

Over four-fifths of the acreage combined was from standing crop in 1960, a slight increase over the 1950 figure.

However, 29 per cent of the wheat was combined from windrow in the Northern Plains and 36 per cent in the Lake States.

*Oats.* More than 90 per cent of the oats harvested in 1960 was combined as standing crop or from windrows. In 1950, a third of the crop was threshed.

Threshing is still important in areas such as Appalachia, where 14 per cent of the crop was threshed. By contrast, only 2 per cent of the crop was threshed in the Delta states.

*Grain sorghum.* Methods of harvesting grain sorghum did not change from 1950 to 1963. The crop was handled almost entirely by combine with about 2 per cent threshed.

More than three-fourths of the crop was harvested by self-propelled combines as standing crop

during the 1960 season.

*Soybeans.* Since 1950, nearly all the soybean acreage in the United States has been harvested by combine. Threshing amounted to 1 per cent of the total acreage in 1950, less than one-half a per cent in 1960. (10)

## Cut in Peanut Crop, Prices at Support Mean Smaller Returns to Producers

Due to the size of 1963's crop and prices near last year's level, it looks as though farmers will make about as much money from peanuts in 1964 as in 1963.

As of September 1, peanut production was estimated at 2,038 million pounds. In 1963, 2,022 million pounds were harvested.

Peanut prices this year are being supported at a national average loan rate of \$224 per ton, unchanged from 1963. Peanuts remain in surplus and prices likely will stay at CCC support levels.

Higher yields per acre more than offset a slightly smaller 1964 total acreage of peanuts. Average yield was reported at 1,477 pounds per acre on September 1. This compares with the previous record of 1,435 pounds a year ago. The 1964 acreage harvested for nuts was down 2 per cent from 1963.

When the new marketing year for peanuts began August 1, total farm supplies were estimated at 2,420 million pounds, about 1 per cent above a year earlier. Assuming a slight gain in consumption of peanuts as food, and use for feed on farms at recent levels, over 400 million pounds of the 1964 crop will be left for crushing, exports and addition to stocks.

The main provisions of the 1964 peanut price support program are similar to those in effect in 1963. Support is available through warehouse storage loans to growers' associations and farm storage loans or purchase agreements to producers. (13)

## St. Lawrence County Farm Families Face Low Incomes, High Unemployment

Many rural families in northeastern New York have low incomes. Part-time farming is common and the rate of land abandonment is high. In 1959, one-third of the commercial farmers in St. Lawrence County sold less than \$5,000 worth of farm products. That same year almost half of the farmers worked more than three months on jobs off the farm to help bolster the family income.

Like many rural areas in the United States, the number of farms in the county is steadily declining—from 5,091 farms in 1950 to 3,426 in 1959. Because they couldn't make a go of it, many farmers just quit.

Although the number of farms in the county has decreased, the size of the remaining farms has increased. In 1950, for example, the average farm was 174 acres, compared with 210 acres in 1959. But in the same period, total land used for farming dropped by 19 per cent—more than 168,000 acres.

According to field work from a study still in process by ERS and Cornell University, relatively few of the farmers operating in 1950 have since moved out of the county. And there has been no substantial increase in farmers taking off-farm jobs.

The study also indicates that farmers who lack the skills needed in nonfarm jobs have switched jobs often. (14)

## Young Farmers Compete Successfully In Building Economic-Sized Operations

The investment required for a farm of efficient size has been rising rapidly since World War II. Now a typical farm takes \$50,000 to \$100,000; for some kinds of farms, much more. Can a young man who wants to get started in farming compile such a stake?

The postwar generation has managed. And future generations may well do it the same way—mainly by leasing land and borrowing capital to put together a big enough operation.

The success of young farmers in the postwar period is shown by the 1960 Sample Survey of Agriculture. Compared with two other groups, middle-aged and older farmers, who began farming earlier when capital requirements were lower, young farmers had succeeded as well or better in developing efficient-sized operations. In proportion to their number, they ran more large and medium size operations than either of the older groups. As indicated by the average value of land and buildings and by the value of products sold in 1960, young farmers operated on about the same scale as middle-aged farmers and topped the older farmers.

This is not to say that young farmers were in as strong a financial position as their elders by the end of 1960. They had not had time to accumulate savings and, entering farming later, they had not profited as much as the older farmers from the appreciation of land values. Of the three groups, they rented the most land, owned the smallest value of land and buildings and had the least equity in land they owned.

On the other hand, since rent payments were often in the form of crop or livestock shares and they rented so much more land than their elders, they were able to pass on to landlords a greater part of their production risks.

Also, half the mortgage debt of the young farmers, compared with a fourth for middle-aged farmers and only a seventh for the older farmers, was owed to the former owners of their land. This was to their advantage since these lenders usually extend credit on much more liberal terms than do financial institutions. (15)

## Grand River Basin Sits for Portrait To Help Engineers Control Watershed

Why paint a picture of a river basin, and a word picture at that?

This is just what ERS economists have done in the Grand River Basin, a region of gently rolling farmland covering some 3.5 million acres in south central Michigan.

Researchers have a good reason for showing what the basin's agricultural economy is like, using 1954 and 1959 as benchmark years.

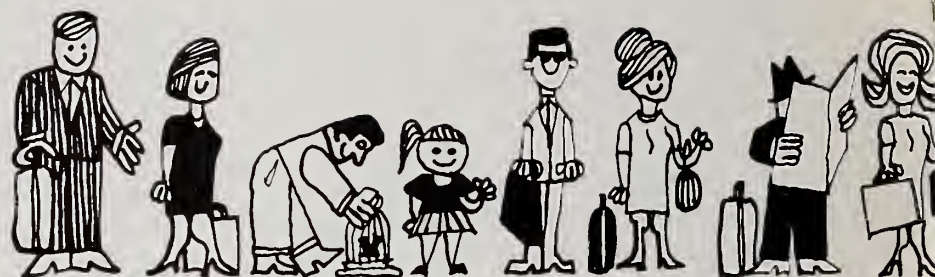
The Corps of Engineers, in cooperation with USDA and other agencies, is developing a comprehensive plan to dam, dredge, bank, fill and otherwise reshape the river and its basin. This will vastly improve flood control, drainage, navigation, water supply and quality control, as well as providing lakes and other outdoor recreation facilities.

But before the Corps and co-operating agencies can project the water and land resources needs of this basically agricultural region 10 to 20 years hence, they must know what the agricultural economy is like today.

The ERS study shows that farms in the Grand River Basin are slightly smaller than the state average. But two-thirds of the operators are full owners. And farms specializing in dairying, the region's biggest agricultural enterprise, have a larger investment per farm than the state as a whole.

Basin farmers use more regular and seasonally hired workers than the average farmer in the state. Conversely, they themselves hold more off-farm jobs. Fast growing communities in the basin offer more and more job opportunities. Over half the basin's farm operators held off-farm jobs in 1959; 44 per cent worked off the farm more than 100 days during the year. (16)

# NEW FACES



## WHERE DO THEY COME FROM?

Where have they come from, these new faces in the city?

Some came from other countries but the largest share of new faces came from rural areas all over our own country.

The movement of farm people to urban centers has accelerated since 1940. And prospects are that the trends in migration from farm to nonfarm employment will continue. Birth rates in rural areas still tend to be higher than in urban areas, intensifying the need for migration.

Areas with particularly heavy outmigration are the Appalachian plateau, especially the coal mining areas, the Piedmont and South Atlantic and Gulf Coastal Plains, excluding Florida, the Southwestern Plains and the Alluvial Plains of the Mississippi and its tributaries.

These areas of exodus overlap most of the areas in this country with low levels of income. The largest area of poverty pockets extends from the Ohio River Valley and Ozarks southward to the Atlantic Ocean and Gulf, with the heaviest concentration in the Coastal Plains, the Mississippi Delta, the Ozarks and the highlands of southern and eastern Kentucky and northeastern Tennessee. A second major area extends from North Dakota and

Minnesota southward through South Dakota, Nebraska and Iowa into Kansas and Missouri.

This overlapping of areas of low incomes and heavy outmigration is no coincidence. The level of income of an area is a crucial factor in providing local governmental or group activities—schools, medical programs, transportation, resource development.

The community with generally low income tends to perpetuate poverty because it can't compete successfully with areas where only a small percentage of the families have low incomes. As mining declines or cotton and tobacco farmers find markets dwindling for their crops, the tax money for schools and roads is harder to come by. The community can't compete as well for new industry to replace the vanishing jobs in mining or farming.

The young, the bright, the strong look elsewhere for a better deal. Most of them know that the average income of farm families is about half that of city families. In 1959, the national median family income was \$5,660. The comparable figure for urban families was \$6,166; for rural nonfarm, \$4,750; and for farm families, \$3,228. Recent studies show that, though the income of all three groups is increasing, the spread between farm and nonfarm incomes is widening. (17)

## WHY DO THEY LEAVE HOME?

Why do they leave their farms, their small towns?

We know the big reasons, the reasons that cover whole communities or river deltas, vast mining areas or strings of sandhills. But each unit in the statistics represents an individual who has had to make a highly personal decision.

Often the decision has to be made by a high school senior. How does he decide whether to stay in his home county, to leave, to go to college, to take a full-time job? In 1962, the University of Florida and the Economic Research Service asked 411 high school seniors in three rural counties in northern Florida what they had decided to do and why.

Though more than half of them said they'd like to stay in their home counties *if* they had a good job, most planned to leave when they finished high school.

The lack of promise at home is pretty well illustrated by the median income of their families in 1962. It was \$2,700, a figure substantially lower than that for all rural families in their state (approximately \$4,000).

About half the students expected to continue their education in some way after leaving high school—either by going to



# IN THE CITY

college or to a business or vocational school. They received considerable encouragement from their families and friends to go to college and most of them were taking general education and college prep courses to qualify. They rated their mothers as the most important single influence on their vocational and educational plans. College-bound or not, almost all had talked with a representative of a college about continuing their education.

Many of the rural twelfth graders had rather modest expectations about their earning power, and the boys expected to be earning more at the peak of their careers than did the girls. But a majority of the boys and girls wanted professional careers, their aspirations far exceeding those their mothers held for them.

The mothers may have been more realistic than their children, as the students generally scored low on the Differential Aptitude Test (combined verbal and quantitative) which was administered when they were in the ninth grade. The same thing was true of the college placement test taken in their senior year. Many of them entered the two junior colleges in the study area, which had lower entrance requirements than the state universities.

Whether or not their ticket out is a college degree, the young peo-

ple of northern Florida outnumber the career opportunities of its rural areas, and many will be obliged to move to urban centers. Judging from their test scores, the rural youth in this study will be handicapped in competing with youth trained in urban schools. (18)

## HOW WELL DO THEY DO?

How well do they do, these new residents of the city?

The Economic Research Service and the Iowa State Agricultural Experiment Station asked this question of migrants to Des Moines, Iowa. About three-fourths of wives queried said that the economic position of their families had definitely been improved by the move.

Whether they came from urban areas or from farms, the wives felt that their husbands had better jobs and better incomes. For farm-migrant as well as urban-migrant wives, improvement in living conditions or in housing was the second most often mentioned gain, but almost twice as many farm as urban wives gave this response.

So, from the standpoint of individual families, the move meant real progress.

But how did the different groups in the city, natives and newcomers, stack up against each

other in competing for good incomes and high status jobs?

Median family income of urban migrants was the highest, \$7,360, followed by \$6,400 for those who had always lived in Des Moines and \$6,220 for farm migrants.

What made the difference? Primarily the educational level of the worker. Of the urban-migrant husbands, 37.3 per cent had spent one to four years in college, compared with 23.5 per cent of the natives and only 18.5 per cent of the farm-migrant husbands.

The same thing was true of job status—professional versus clerical and on down the line. Farm migrants as a group started work in Des Moines at significantly lower level jobs than urban migrants.

So, does growing up in a farm or rural community fail to prepare people adequately for urban competition? The answer is both yes and no. It is yes if there is less opportunity for schooling and less emphasis on the value of education.

But if we compare farm and rural migrants with the same amount of formal schooling, the answer is no. Farm reared men in Des Moines were not handicapped in getting a good job when they had as much education as the urbanites they were competing with. (19)

## Demand for Fun in Great Outdoors Will Grow with Population, Income

The most important factor concerning the demand for recreation is the population boom. U.S. population is expected to reach 350 million by the year 2000. That's almost double today's population. Too, there will be more young people in the nation in the future. The proportion of those in the 15-24 age bracket, the most active of all, will probably rise from today's 13 per cent to 17 per cent in only the next 12 years. That active group likes plenty of vigorous recreation such as hiking, horseback riding and swimming. Operators of recreation sites will do well to make plans to accommodate young people.

Another factor affecting the demand for recreation is higher family incomes. Studies show that families in the \$7,500-\$10,000 income range have the highest participation in outdoor recreation activities. Participation declined slightly among people with income higher than \$10,000. With more families moving into the \$7,500 to \$10,000 bracket, there should be more time and money for outdoor recreation.

But outdoor recreation will be competing against many other leisure time activities such as music, television, spectator sports or such backyard projects as gardening, lawn work or relaxing in the sun.

As far as the supply of outdoor recreation is concerned, acreage alone is a poor indicator of the number of recreation opportunities available on a given area. Some activities require little land. Running a swimming pool or a fish bait enterprise, for example, takes only a couple of acres while a hunting preserve calls for hundreds of acres.

The third important factor in outdoor recreation projects is

good management. This is where the operator is on his own, making the decisions that lead to success or failure. He can, however, get some help from county agents who have up-to-date bulletins and pamphlets about local recreation problems. (20)

## A Public Lake or Forest Can Provide Base for Private Recreation Business

A farmer with an eye to developing a recreational enterprise should study his competition carefully. It may be that his community already has all the recreational facilities it can stand. Then again, he may find that other attractions in the area won't really be competition at all. They may actually provide the base for setting up his own enterprise to supplement or complement the main attraction.

Most private outdoor recreation enterprises operating singly have limited powers for drawing customers long distances. Consequently, many private operators cluster around public attractions which, in effect, collect customers for them.

For example, a public lake will draw more tourists than a private bait farm operated nearby. However, the vacationists at the lake are also likely to be good customers for recreational facilities which complement the major attraction, such as bait farms, fishing preserves, or boating and bathing facilities.

Likewise, a national forest pulls in tourists who are likely to be interested in riding stables, shooting preserves, camping grounds or picnic spots which a farmer could develop on his land.

By providing services which supplement or complement a major recreational facility in his locale, a farmer may actually enhance the drawing power of his own enterprise while making the whole area more attractive to vacationists who come there. (21)

## Palmetto Staters Share Their Wealth Of Fishing Ponds, Hunting Preserves

Many South Carolina farmers are adding a little extra cash to their incomes by renting out their ponds and lakes for fishing and swimming. The money they make is practically all profit since they already have the lakes which they use for stock watering or irrigation. And in most cases, to get the lakes in shape for fishing requires very little extra expense or labor. So far, the Soil Conservation Service has helped farmers build some 18,700 farm ponds in South Carolina. Cash receipts for the farms with fish ponds averaged \$583 in 1962, ranging from a \$10 low to a \$2,500 high.

Other farmers are developing hunting preserves and vacation farms. But getting enough customers is a continuing problem. Last year most recreation projects operated at only 60 per cent capacity.

While most rural areas in South Carolina are within an easy drive from cities in the state and are relatively close to cities in the Northeast, stiff competition from established vacation resorts along the Atlantic coast and in the Appalachian Mountains hampers the development of new recreation sites in the state.

Still, some South Carolina farmers who offered vacationists a variety of services, such as a complete fishing camp located on the edge of a large reservoir, did a pretty good business. One farmer grossed \$20,000 last year. He, along with other farmers in the recreation business, will likely do a lot more business in coming years. State officials expect tourism to double during the next decade. They estimate that the tourist travel business in South Carolina amounted to \$4.2 million in 1960—and that was only 60 per cent of the state's potential. (22)

# the fibers they favor



They may not talk about it much. They may not admit it generally. They may not look like they care.

But when they are pinned down, two out of three high school age boys confess to great interest in choosing their own clothes.

That still leaves them somewhat behind their girl friends in concern for choosing their wardrobes. Nearly nine out of 10 girls in the 14- to 17-year-old group express great interest in selecting their clothes.

These attitudes were collected in a recent nationwide survey of over 1,600 teenage girls and a like number of boys. Preliminary data from the study, conducted by the Statistical Reporting Service, provide insight into the teenagers' opinion of cotton, wool and synthetics in various garments. Only those who owned the garments were surveyed.

The boys and girls, already an important market for the cotton, wool and clothing industries, are going to be more important to the clothing industry in the next few years.

There will be an extra two million or more 14- to 17-year-olds by the end of this decade, a 16 per cent increase in this population group. The total population for the nation is expected to increase by about 10 per cent.

Chances are that the fabrics that please these youngsters are the ones that will go home from the store.

Only 2 per cent of the girls interviewed—and only 9 per cent of the boys—said they were totally indifferent to the business of choosing their own clothes. For the most part, these youngsters thought Mom was doing the job satisfactorily or they simply didn't care about clothing.

But most teenagers had def-

inite preferences when it came to the kinds of fiber in their clothing.

Cotton was the leader in summer wear. Close to seven out of 10 girls preferred cotton for their summer skirts, blouses and everyday dresses. The only other fiber that was preferred by more than 5 per cent of the girls was a mixture of cotton-polyester.

The girls liked cotton because of its coolness but also for the easy way cotton can be washed or ironed.

The boys, too, put cotton first for summer in their sport shirts and slacks. Three out of four boys preferred cotton in everyday slacks. Though less than half of the boys owned summer sport coats, those who did were more likely to prefer cotton than any other fiber.

The boys liked cotton because it is cool, doesn't cling or irritate and because cotton pants wear

well. The males added they liked cotton for sport jackets because it doesn't wrinkle and because the material is available in good colors and patterns.

When the questions turned to raincoats, the preference ran to cotton. Plastic was the runner-up material, then cotton-polyester.

The cotton and cotton-polyester coats won the teenagers' approval because such coats could be worn for more than just rain protection. The youngsters also considered cotton and cotton-polyester water repellent and

comfortably cool and airy.

When the girls turned their attention to the kind of slips they liked best, nylon was the majority choice. Cotton came in second. The girls who chose it thought nylon was easy to wash and needed little or no ironing. Others preferred cotton because it is cool and doesn't cling.

Come winter, wool takes precedence in the wardrobe, though cotton remains the obvious favorite for blouses, sport shirts and everyday trousers and winter dresses.

Three out of four girls pre-

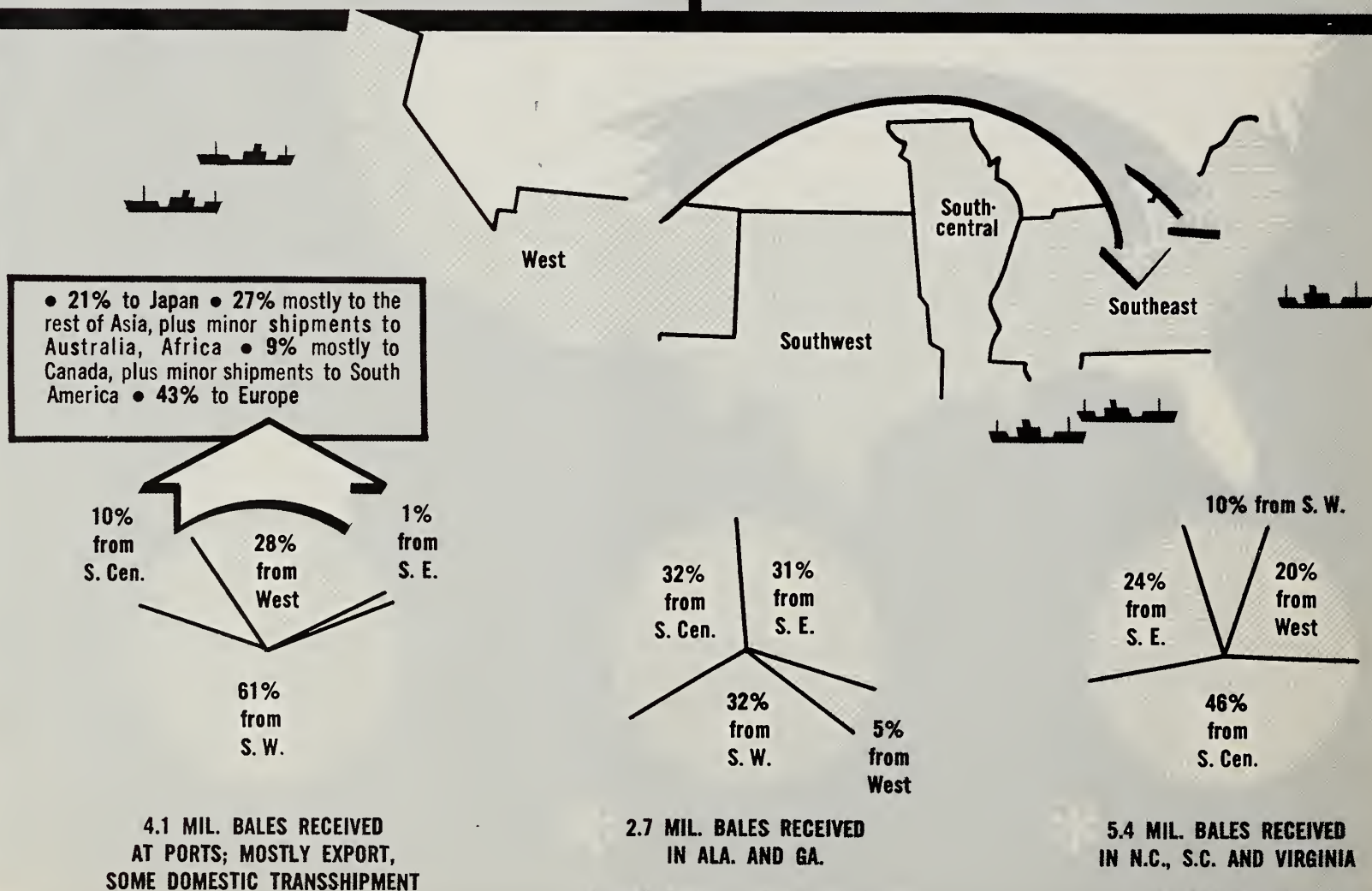
ferred wool skirts, while a few liked a mixture of wool-polyester or wool-acrylic. About one in 10 liked cotton best. Warmth is wool's most attractive feature. But wool also gained points for the way it holds its shape and resists wrinkles and dirt.

The boys, however, divided their affection equally between wool and cotton for winter dress slacks. About one-fourth of the boys preferred wool slacks; another fourth, cotton. Some of the boys liked mixtures of polyester and wool or cotton, and a few preferred a wool-cotton combina-

**COTTON—WHERE IT GOES:** Cotton production started in the South, then headed West. But the big milling centers stayed behind. The result: Cotton is using a lot more transportation, and moving more miles on trucks and trains than it used to. For instance, the mills and other buyers in the Carolinas received 5.4 million bales of domestic cotton in 1961-62; some 30 per cent of the shipments traveled from fields in the West and Southwest. About 4 million bales were shipped to ports. (24)

**Bales of cotton received in 1961-62**

Mil. bales	Received in:
1.1	Interior concentration points
.2	New England and Eastern states
.4	Canada
.3	Other
2.0	Total
12.2	N.C.-S.C.-Va.; Ga.-Ala.; ports
14.2	Total



U.S. DEPARTMENT OF AGRICULTURE

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tion when choosing dress slacks for winter wear.

Those who liked wool for dress slacks stressed its warmth, but they also liked the way wool holds a crease and resists wrinkles. And wool looks dressy to the teenagers.

Cotton pleased the teenagers because it doesn't irritate.

The boys and girls were also asked what they thought of putting permanent pleats or creases into wool skirts and pants. The large majority of the teenagers thought it would be a fine idea.

The few girls who voted against such a process did so mainly because of skepticism about its success. Some of the boys who took the minority position said they were flatly against wool slacks or creases in any kind of pants.

For everyday winter wear, cotton pants are the odds-on favorite. Two out of three boys preferred cotton.

The girls favored cotton for everyday winter dresses. Forty-six per cent preferred cotton dresses; 31 per cent wool. These were the only two fibers preferred by more than 4 per cent of the girls.

For winter sport jackets, four boys out of 10 liked wool. About one in 10 preferred cotton.

Cotton was the favored fiber in winter blouses and sport shirts. Three-fourths of the girls and two-thirds of the boys preferred cotton. An additional 10 per cent of the girls chose cotton-polyester while about the same percentage of the boys preferred wool.

The taste in outer jackets or short coats was more widely spread among different materials. Some 37 per cent of the girls liked wool for their short coats; 19 per cent, cotton; and 13 per cent, leather. Twenty-three per cent of the boys said wool was preferred for outer jackets; 20 per cent said cotton; 9 per cent, leather; and 10 per cent, nylon. (23)

## Call It Stew or Boeuf en Brochette, Dinner Out Is In for More Americans

The hostess leads you to a pleasant table in the corner. The busboy fills your water glass while you read the menu. The waiter recommends the beef or perhaps the loin of pork.

You and the family are enjoying a dinner out. You are also enjoying the services of people who represent one-third of the entire work force in the food marketing industries.

With more money to spend, more of us are eating out more often. The result is a 30 per cent increase between 1947 and 1963 in the number of workers in eating places.

The nation's restaurants and lunch rooms increased their sales some 51 per cent from 1953 to 1963.

The increase in sales isn't entirely the result of a mass exodus from the family dining room.

Higher prices and an ever-growing population played an important part in the rise in restaurant dollar sales. Prices alone, according to the Bureau of Labor Statistics, rose 27 per cent in eating places during the period. And with bigger incomes, not to mention bigger expense accounts, customers are dining on sirloin more often than in the past.

The increase in the number of workers in eating places is only one part of the gradual rise in the number of all marketing workers. About 4.8 million persons were engaged in marketing domestic farm foods in 1963, some 13 per cent more than in 1947.

The figures include proprietors of unincorporated businesses and executives of corporations, as well as paid employees. The listings are for food manufacturing, wholesaling and assembling, and retail stores and eating places. In addition, unpaid family helpers are a significant part of the workers in food stores and eating

places. The figures are adjusted to reflect only the men and women who work with domestic farm foods as opposed to imports.

The restaurants and other eating places numbered 1,599,000 workers, from head waiter to short order cook, in 1963. That's about a third of a million more than in the mid-'40s.

Food stores, which used to be the biggest employer, had 1,458,000 workers in 1963, only a slight change from the 1947 level. The number of workers in the food stores reached a postwar high of 1,498,000 in 1951, then drifted down to 1,406,000 in 1958. Food stores during the period were busy enlarging and consolidating operations, making better use of fewer employees.

With 1,253,000 persons, the food manufacturers counted more workers in 1953 than in any other year of the 1947-1963 period. The number has since declined to the 1963 figure of 1,186,000.

The wholesale trade, with 518,000 persons in 1963, has the smallest work force of the food marketing industries but has grown faster than the other segments, increasing some 36 per cent since 1947.

The increase in the number of workers in the food marketing industries is the inevitable result of a growing nation.

It takes more labor to handle the greater volume of food going through the marketing system.

Then, too, we are demanding more service with our food, from more sorting and grading to oven-ready dinners.

Even so, the 13 per cent increase in the number of workers is far less than the 40 to 45 per cent rise in volume of foods marketed, thanks largely to stepped-up productivity of labor.

The labor force in food marketing would have increased even less except that the work week in these firms has gotten shorter. (25)

## Shippers Gain with R.R. Signal Switch To Lower Rates, Less en Route Service

The bidding for farm traffic got a little sharper last year as the carriers continued their attempts to get a bigger share of the freight.

It was a boon to shippers. Charges to them were either held down or, in some important areas, even reduced.

To counter the inroads of truck lines and barges, for example, one rail line cut its rates for grain by as much as 60 per cent on the run from points along the Ohio to Atlanta and other southeastern destinations.

The move was typical of one of the major developments in transportation—reduced rates for minimum service on point-to-point shipments. The line's lower rates apply only to direct movement from origin to destination. There can be no intermediate stops for storage, inspection or milling. Cars must be loaded and unloaded within 24 hours, instead of the customary two days. And the lower rates apply only to 450-ton shipments in the line's new jumbo, covered hopper cars.

Other southern lines are offering similar rates for the same sort of shipment but they are using standard boxcars.

The railroads continued to cut their freight rates for grain in 1963 and into 1964, especially for wheat and corn moving from major production areas to Atlantic, Pacific, Gulf and Lake ports for export. It's part of the trend that started four or five years ago when the railroads began trying to offset the rising importance of barges and trucks.

Piggyback loadings are continuing to expand, though the shipments still amount to less than 3 per cent of all rail car-load traffic.

But despite such moves on the part of the rail lines, they are hauling a smaller portion of the

nation's total freight than ever before. In terms of ton-miles, the railroads moved 43 per cent of the total traffic in 1962, down from the 62 per cent share of 1939. Preliminary figures indicate the railroads' share has not improved since 1962.

The railroads' failure to increase shipments puts them in an especially vulnerable position. They have increased their capacity to haul traffic with such advances as centralized traffic control and automated freight yards. But to make these developments pay off, the rail lines need to operate more nearly at capacity than they are at the moment. Furthermore, rail traffic more and more consists of low-value, low freight-rate products, while the trucks continue to attract the more profitable shipments. (26)

## Homemakers Jar Industry Logic, Buy New Potato Product Packed in Glass

Housewives usually know what they want. And it isn't always what manufacturers think they want.

Instant sweetpotato flakes are a case in point. Similar new products, like instant white potatoes or instant chopped onions, have been successfully marketed in foil pouches encased in paper boxes. Manufacturers thought this packaging method so important that the introduction of instant sweetpotatoes in retail stores was delayed until a suitable 4- to 6-serving pouch could be developed.

Then what happened? Housewives in an ERS pilot test bought the new product more readily in glass jars.

Glass jars outsold cans and the new pouch-in-box during a six-week test in Baltimore supermarkets. The reason apparently was that customers could actually see the unfamiliar new food and because the glass jar can always be used to store other foods. (27)

## Dairy Firm's Postwar Survival Course Was Bigger Plant, Varied Product Mix

The small butter manufacturer, just down the road a piece during World War II, is today apt to be the big butter-powder-frozen product producer in the area. Or he's out of business.

ERS economists compared the number and flexibility of dairy manufacturing plants in 1961 with those back in 1944.

They found plants had gotten larger. And they had diversified into production of more than one dairy product. Of 6,134 plants surveyed in 1961, 47 per cent were diversified to some extent, compared with only 10 per cent in 1944.

However, by 1961 there were one-third fewer plants than in 1944. New England was the only region to gain in number of plants. Biggest losers were Minnesota and Wisconsin, which together accounted for 40 per cent of the nationwide decrease.

With labor and operating costs spiralling, many small operators in the postwar era found they either had to diversify or close shop.

Diversification has definite advantages. When the market for butter drops off, for example, the diversified firm can channel more milk into production of ice cream or cheese, depending upon which product is maintaining the most favorable price in commercial markets.

Then too, some of the costly processing equipment used in manufacturing one dairy product can often be used in certain phases of producing another.

Finally, diversification allows for more economical use of raw milk. Gone are the days when farmers separated their own milk and plants bought only the cream. Today manufacturers buy whole milk and find ways to use it all in ice cream, cottage cheese and other products. (28)

## needed: miracles in the desert

Egypt Speeds Up Land Reclamation in Drive  
for Self-Sufficiency in Food Production

Acres Reclaimed:		Goal:
47,000	83,000	541,000
1931-1951	1952-1960	1961-1965

He may have only a hand sickle for harvesting his grain. But "threshing machinery" is as close as the nearest highway. Cut grain thrown on the highway is threshed by passing cars, trucks and country busses. Breezes stirred up by the vehicles take care of much of his winnowing chore, too.

Such mixtures of ancient techniques and modern machinery are sometimes seen in the United Arab Republic as it strives to double its gross national product in a decade. Old and new are everywhere juxtaposed. Farmers may still sow by hand but their seed is the latest developed by the Ministry of Agriculture.

Egypt's own resources are not now enough to feed its people. Since 1940, population has increased 60 per cent; grain production, only 40 per cent. Larger quantities of agricultural products are imported year after

year, especially breadgrains.

On a wheat-equivalent basis, wheat and wheat flour imports during 1962 totalled over 1.4 million metric tons, an amount nearly equal to local production. These imports had reached 1.1 million tons at the end of just the first six months of 1963.

The U.S. provided most of this wheat under special government programs. (See article on P.L. 480 aid in April 1964 Farm INDEX.)

With extremely limited resources and a growing population, the UAR could provide an even larger outlet for American farm products in the future. But prospects for expanding the present small dollar market are not good. The country has few dollars and little opportunity for earning them except through tourism, Suez Canal earnings and sales of raw cotton and textiles. Moreover, dollars are needed to

obtain industrial goods.

The Egyptian government is moving on two fronts at once, trying to provide an adequate diet for its people while building the country's industrial base. But, with 97 per cent of the land area classed as desert, cotton planted to earn foreign exchange for industry means just that much less acreage available for food crops.

Though per capita agricultural output in general has gone up an average of 1 per cent annually since 1952-54, yields per acre of corn, Egypt's principal foodgrain, are still below prewar levels. The government is trying to maximize yields of all crops on the tiny acreage now arable through research, education and strict controls.

Rural training efforts are part of a program to make free education available throughout Egypt. Schools are being com-

pleted at the rate of almost one a day.

The extension program, for years a weak link in the chain from research center to farm, is being greatly expanded. Government-supervised cooperative agricultural societies have been organized, with membership compulsory for beneficiaries of land redistribution. The co-ops supply fertilizers, seed and machinery, and handle credit, marketing and the purchase of consumer goods. Though farmers now generally own the land they work, the government provides irrigation, insect and disease control and much of the planning for land use on an areawide basis.

While striving for maximum use of the cultivable land, the government is also reclaiming parts of the desert. Irrigation waters from the High Dam being built at Aswan may increase Egypt's 6.5-million-acre arable area by 25 per cent. Drainage of marshy areas is another tack being tried.

Engineers believe there is a great subterranean river or lake beneath the Western Desert, with enough water to reclaim 2 mil-

lion acres. In an area there known as the New Valley, 200 wells have been dug and 36,000 acres reclaimed in the last three years.

If a breakthrough should come in the desalting of seawater, reducing the cost enough for agricultural use, or if the country's rate of population growth should decline rapidly, Egypt's goal of self-sufficiency will not seem so doubtful of achievement.

Underground rivers, sands made to bloom by seawater—only dreams? But then, free education for every Egyptian child was only a dream not long ago. (29)

### **Final '63 Figures Show Europe Still Our Best Market, Taking Smaller Share**

U.S. farm exports are shipped out faster than world trade statistics can filter back. Latest total farm export figure, for fiscal 1964, was a record breaking \$6.1 billion. But to find out who is buying what only calendar 1963 figures are as yet complete.

Calendar 1963 itself, at \$5.6 billion, was a record farm export year. Compared with 1962, it

shows some marked shifts in our markets abroad. The shift is even more evident when 1963 is compared with 1958.

As usual, Europe (including the Soviet bloc) was our best customer in 1963. Yet it took a smaller share, 42 per cent, of our total farm exports last year than in 1958 when it bought 48 per cent.

Next best customer was Asia, whose share shot up from 26 per cent in 1958 to 31 per cent in 1963.

Africa, with many new nations struggling to feed fast-growing populations, upped its share of total U.S. farm exports, mostly under aid programs, from a mere 1 per cent in 1958 to 7 per cent in 1963. Conversely, Latin America's share has slipped from 14 per cent to 9 per cent as sluggish economies cut back demand.

Soviet bloc countries in Eastern Europe took a full third more in U.S. farm products in 1963 than in 1962, due mostly to larger P.L. 480 shipments to Poland and Hungary.

On the debit side were slight declines in shipments to the European Free Trade Area, Africa and Oceania. (30)

### **Foreign Spotlight**

**SWITZERLAND.** Aided by export subsidies, France can sell feedgrains to Switzerland at well below world prices. Result? France now dominates the Swiss market, supplying 96 per cent of the feed wheat, 94 per cent of the barley, 38 per cent of the corn. Much of the French gain has been at the expense of U.S. exports. Our Swiss feedgrain sales in 1963, at 67,000 metric tons, were less than half the 1962 level.

**INDONESIA.** The August Farm INDEX reported Indonesian rubber getting into Singapore for processing despite Djarkata's ban on trade with Malaysia. New reports indicate more than rubber is bouncing across the South China Sea. Official Singapore trade statistics show no Indonesian coffee coming in for processing and re-

export. Yet export figures record substantial shipments of Indonesian coffee leaving Singapore for world markets. Meanwhile, Sumatran vegetables, which all but disappeared from Singapore markets last autumn, are back on sale.

**SOUTH AFRICA.** Faced with a continuing corn surplus, South Africa has set up a special research unit to find ways to use it. Major targets are new products and recipes to get people to eat more corn, plus greater use of corn for livestock feed. Developing ways to expand industrial uses for corn is the object of a five-year basic research project.

**MEXICO.** Corn is in surplus here this year, too. Our southern neighbor has a record crop with 400,000 metric tons probably available for export. (31)

## With Rain Over Rising Sun, U.S. Farm Exports Had Best Weather Ever in '63

Last year one nation bought more farm products from the United States than any other nation in any single year in our history.

That nation? Japan.

What's more, our 1963 sales to Japan of \$651 million toppled the old record high set in 1961 by 17.5 per cent.

However, economists point out that 1964 isn't likely to be a repeat of last year's stellar performance.

The plain fact is that the unique combination of factors that helped to produce our record sales just aren't there this year.

In the first place, 1963 was a very bad year for Japanese agriculture. Prolonged rains in the spring and early summer resulted in the worst damage in 30 years to summer-harvested grains. Combined output of wheat and barley dropped from 3.4 million metric tons in 1962 to 1.5 million in 1963. Estimated loss to Japanese farmers on all crops: \$270 million.

Part of the shortfall in production could be made up temporarily by drawing down stocks. However, imports were needed not only to supply the remaining demand, but to replenish domestic stocks.

Japan ended up buying 616,000 metric tons more wheat in world markets than it bought in 1962 of which 572,000 tons, 92 per cent of the total, came from the United States. Wheat alone thus increased U.S. sales over 1962 by \$37 million.

This year the outlook for Japanese production is much better. The weather has been mild. And while acreage is down, yields are expected to be good. Consequently, imports will likely drop somewhat.

Another factor that explains 1963 is the easing of government

controls on the economy.

Japan at the end of 1961 found itself suffering from success. Growth rate of the gross national product for fiscal 1961 was a phenomenal 14 per cent in real terms. The two previous years had been much the same story. But this growth rate, coupled with heavy expenditures abroad, brought on balance of payments problems. Tokyo early in 1962 clamped down on the galloping economy, including sizeable cuts in imports.

Economic retrenchment, however, led to a mild recession. By the end of 1962, with the balance of payments position somewhat improved, the government relaxed curbs on the economy, including restrictions on imports, in favor of programs to stimulate business.

In essence, after a full year of austerity and more money than ever in their pockets, 1963 was the catch-up year for the Japanese. (32)

### Did You Know?

—The U.S. balance of payments deficit would have been 30 per cent greater in fiscal 1963 if it hadn't been for our favorable agricultural trade balance of over \$1 billion.

—Selling abroad means knowing your market. The color orange, for instance, can't be used on packages in Thailand because it's associated with the saffron robes of Buddhist priests.

These unusual facts come from *Farmer's World—The Yearbook of Agriculture, 1964*.

Just published, the 608-page Yearbook surveys the U.S. stake in world agricultural trade and aid. Articles by USDA and outside specialists cover world food production and trade; international organizations and trade agreements, including the Common Market; assistance programs; outstanding needs and problems in research.

Copies of *Farmer's World* are available from the Superintendent of Documents, Washington, D.C. 20402. \$3 a copy. (33)

## Costa Rica Digs Out of 27" Ash in Bid To Up Farm Production Despite Volcano

Costa Rica is still digging out of the volcanic ash that continues to fall on some 77,000 acres of farmland since Irazu volcano went on the rampage in March, 1963.

The Foreign Minister, in the United States to ask for help, estimated the agricultural loss at \$25 million.

Some 35 to 50 per cent of the coffee crop within range of the ashfall is reported lost. Vegetable growers say their crops are almost a total loss. The sugar industry reports 12,500 tons of sugar destroyed by a combination of volcanic ash and dry weather.

One dairyman summed up the situation in his industry when he reported 27 inches of accumulated ashfall on his pastureland. Obviously, cattle couldn't graze under such conditions.

This natural disaster comes at a time when Costa Rica is working to improve cattle herds and expand output of export and other food crops.

The small Central American republic of just over a million people depends on farm exports for 95 per cent of its foreign exchange earnings.

Chief exports have long been coffee, bananas and cocoa beans. Live cattle and beef recently replaced abaca in fourth place. Abaca is the coarse, durable fiber used in marine cordage which Costa Rica supplied to the U.S. government during World War II.

The United States has long been the republic's best export market, taking 56 per cent of total exports in 1962.

Preliminary 1963 figures show the U.S. with 48 per cent of the Costa Rican market for imported goods. Best bets for increasing U.S. agricultural markets here are wheat flour, feedgrains and possibly purebred cattle. (34)

## Steak Pan Has Supplanted Stew Pot On Many a Stove Since World War II

College Commencement Day. Last child through. No more tuition to pay, books to buy. Out with the stew, in with the steak.

Not every family has had this particular experience of a dramatic increase in money to spend. But most Americans have shared in the shift to higher cost, higher quality foods as the general standard of living has gone up. And this is part of the reason why total food expenditures in the first half of 1964 were up 4 per cent over the same period last year.

Population growth and slightly higher retail food prices also ran up the national bill. When the figures are all added up at the end of the year, however, individual consumers will still have spent only about 18.5 per cent of their disposable incomes for food, continuing the steady drop since 1958's 21.2 per cent.

Based on the postwar average, an increase of 1 per cent in disposable income per capita (cur-

rent dollars) has been associated with an increase of about 0.4 per cent in food expenditures. With a strong economy and reduced taxes, the nation's total disposable income in the first half of this year was 7 per cent above January-June 1963. The per capita gain was over 5 per cent.

Consumer income gains since the Second World War have been substantial. The median income of U.S. families in 1963 was \$6,249, up 5 per cent from 1962 and more than double that received in 1947. The Consumer Price Index has also been rising, 1 per cent last year and a total increase of 37 per cent since 1947. Nevertheless, real income per family in 1963 was 50 per cent above 1947.

The number of families earning \$10,000 or more has increased sharply—1.0 million in 1947; 9.4 million in 1963. Real income gains are shown by the fact that in 1947 about half of all families earned less than \$3,000, but in 1963 there were only 27 per cent earning less than the \$4,000 required for roughly comparable purchasing power. (35)

## More Brands than Islands Dot Salad Dressing Map as New Uses Spur Sales

"Roquefort, Thousand Island or French?" Familiar question when out to eat.

But for real variety in savory sauces for your salads, try your local grocery store. In 1963, there were 3,396 brands of salad dressing products on the market, compared with only 1,144 in 1953.

Today's wider choice of brands and varieties is one of the reasons why per capita consumption of commercial salad dressings has increased 45 per cent since 1947. Superior blends, additional uses in making other foods more appetizing, a high degree of sanitation and quality, and timesaving features also helped.

Plentiful supplies of raw materials have kept retail prices of salad dressings relatively low, another reason people are using more. And the vigorous promotional campaign conducted by manufacturers since the war, emphasizing the nutritional value of salads, has improved both our diets and their sales. (36)

### WE'RE SPENDING MORE MONEY FOR FOOD, BUT WE'VE GOT MUCH MORE TO SPEND

Year	Number of families	Percentage of families with income—					Family median income	Per capita disposable income	Per capita personal consumption expenditures for food—	
		Under \$3,000	\$3,000-4,999	\$5,000-6,999	\$7,000-9,999	\$10,000 and over			Actual	Percentage of disposable income
	Thousands	Per cent					Dollars		Per cent	
1947	37,237	49	31	12	5	3	3,031	1,180	318	26.9
1950	39,929	43	34	14	6	3	3,319	1,369	312	22.8
1952	40,832	33	34	20	9	4	3,890	1,521	356	23.4
1954	41,934	31	31	21	11	6	4,173	1,582	355	22.4
1956	43,445	26	27	23	16	8	4,783	1,741	370	21.3
1958	44,202	24	25	24	17	10	5,087	1,825	387	21.2
1960	45,435	22	20	24	20	14	5,620	1,937	386	19.9
1962	46,998	20	19	22	21	18	5,956	2,060	396	19.2
1963	47,436	19	18	21	23	19	6,249	2,125	401	18.9

EFFECT OF PRODUCT PRICES ON FARM ORGANIZATION AND INCOME—SANDYLAND FARMS—SOUTHWESTERN OKLAHOMA. J. S. Plaxico, Oklahoma Agricultural Experiment Station, and J. R. Martin and W. F. Lagrone, Farm Production Economics Division. Okla. Expt. Sta. B-625.

Helpful information is given in this report for appraising the effect of changes in product prices on farms with sandy soils. (See June 1964 Farm INDEX.)

ECONOMIC EVALUATION OF ACTUAL AND OPTIONAL ADJUSTMENTS IN RESOURCE USE ON 160-ACRE FARMS IN WEST CENTRAL OHIO, 1956-59. J. R. Tompkin and F. J. Rafeld, Farm Production Economics Division, in cooperation with the Ohio Agricultural Experiment Station, Ohio Agri. Expt. Sta. Res. Bul. 965.

Changes in farm size and farm numbers constituted the most significant adjustments made by the sample farmers. Many operators ceased farming, selling or renting their farms. Substantial farm enlargement through purchasing and leasing took place in the area.



## recent publications

*The following publications are issued by the Economic Research Service and cooperatively by the state universities and colleges. Unless otherwise noted, reports listed here and under Sources are published by ERS. Single copies are available free from the Division of Information, OMS, U.S. Department of Agriculture, Washington, D.C. 20250. State publications (descriptions below include name of experiment station or university after title) may be obtained from the issuing agencies of the respective states.*

FARM POPULATION—ESTIMATES FOR 1963. Economic and Statistical Analysis Division. ERS-177.

The national farm population dropped from 14,313,000 in 1962 to 13,367,000 in 1963, in a continuation of the downward trend that has prevailed since 1947.

FARM INCOME—STATE ESTIMATES, 1949-63. Economic and Statistical Analysis Division. FIS-195 Supplement.

Aggregate estimates of gross farm income, production expenses, net farm income and related data for states and regions from 1949 to 1963 are presented.

SUMMARY OF 1962 FARM AND HOME RECORDS BY MAJOR FARMING ENTERPRISES (WISCONSIN FARMERS HOME ADMINISTRATION BORROWERS). R. A. Christensen, Farm Production Economics Division, and S. D. Staniforth, Wisconsin Agricultural Experiment Station. Administrative Report to Wisc. State Office of the FHA.

This report summarizes briefly 1962 Farm and Home records for Wisconsin FHA borrowers who required intensive supervision.

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*Speech (S); published report (P); unpublished manuscript (M); special material (SM).*

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FARM COSTS AND RETURNS: COMMERCIAL FARMS BY TYPE, SIZE, AND LOCATION. Farm Production Economics Division. Agri. Info. Bul. 230, Revised June 1964.

The major reasons for higher incomes on 40 important types of commercial farms in 1963 were: greater farm production and either higher prices received or improved price/cost relationships than in 1962. (See August 1964 Farm INDEX.)

CHANGES IN FARM PRODUCTION AND EFFICIENCY—A SUMMARY REPORT, 1964. Farm Production Economics Division. Statis. Bul. 233, Revised July 1964.

Total volume of farm output in the U.S. in 1963 was at new high. Output was 4 per cent greater than in 1962 and 12 per cent above the 1957-59 average. (See August 1964 Farm INDEX.)

### Ag Outlook '65

When the harvest is nearly over, it's time to make plans for the coming year.

Foremost in such plans are the prospects for farm prices, costs and income.

These prospects in 1965 will be the major topic of discussion at the 42nd Annual National Agricultural Outlook Conference. The conference is scheduled for November 16 through 19 in Washington, D. C. (37)

# THE FARM INDEX

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